



ADAPTATION FUND

AFB/B.27-28/02  
18 July 2016

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Adaptation Fund Board

**REPORT OF THE TWENTY-SECOND MEETING OF  
THE ACCREDITATION PANEL**

## WORK OF THE ACCREDITATION PANEL

1. The Accreditation Panel (the Panel) continued its work reviewing both new and existing applications. On 2–3 June 2016 the Panel held its twenty-second meeting at the secretariat's offices in Washington, DC. Chair of the Accreditation Panel Ms. Yuka Greiler and vice-Chair Mr. Philip Weech presided over the meeting. The Panel meeting allowed for an opportunity to communicate the application status, discuss over pending issues, and provide direct guidance on any additional documentation required per application under review. The Panel also used the meeting to deliberate on how to further improve the accreditation process.

2. For the twenty-second Panel meeting, one new complete application was received. In addition to the new application, the Panel reviewed two re-accreditation applications (one NIE and one RIE). The Panel continued its review of the applications of eleven potential National Implementing Entities (NIEs) and one potential Regional Implementing Entity (RIE) that were previously reviewed but required additional information for the Panel to make its recommendations.

3. At the twenty-second Panel meeting, The Panel recommended accreditation of the Ministry of Finance and Economic Management (MFEM) of Cook Islands as NIE under the streamlined accreditation process and re-accreditation of Banque Ouest Africaine de Développement (BOAD) as RIE. The respective summary of the reviews can be found in Annex I to the AFB decisions B.27-28/12 and B.27-28/18 respectively.

4. By the time of the finalization of this report, the Board intersessionally approved after considering the recommendation by the Accreditation Panel:

- (i) Re-accreditation: Banque Ouest Africaine de Développement (BOAD) Regional Implementing Entity (RIE) (AFB Decision B.27-28/12); and
- (ii) Accreditation under streamlined accreditation process: Ministry of Finance and Economic Management (MFEM) – Cook Islands National Implementing Entity (NIE) (AFB Decision B.27-28/18).

5. As at the time of finalizing this report, the Adaptation Fund Board has accredited 24 NIEs, 6 RIEs and 12 MIEs. Among the 42 accredited implementing entities, 4 NIEs are from Least Developed Countries (LDCs) and 6 NIEs are from Small Island Developing States (SIDs). There are 17 additional NIEs from LDCs and four additional NIE from SIDs in the Fund's accreditation pipeline. With respect to the geographic coverage for the 24 accredited NIEs, 5 NIEs are from Asia-Pacific region, 8 NIEs are from Africa region, 11 NIEs are from Latin America and the Caribbean region.

6. Among the 42 accredited implementing entities, the Board has re-accredited 9 implementing entities: 2 NIEs, 1 RIE and 6 MIEs as at 20 June 2016.

7. Among the Green Climate Fund's 10 NIEs and 3 RIEs accredited for direct access as at 1 June 2016, 7 NIEs and 2 RIEs were fast-track accredited by the GCF Board due to its prior accreditation with the Adaptation Fund.<sup>1</sup>

8. Eleven applications (ten for potential NIEs and one for potential RIE) are currently under review by the Panel as per the list below. For purposes of confidentiality, only the assigned code is used to report on the status of each Implementing Entity's application.

- 1) National Implementing Entity NIE044
- 2) National Implementing Entity NIE046
- 3) National Implementing Entity NIE049
- 4) National Implementing Entity NIE057
- 5) National Implementing Entity NIE066
- 6) National Implementing Entity NIE080
- 7) National Implementing Entity NIE079
- 8) National Implementing Entity NIE113
- 9) National Implementing Entity NIE112
- 10) National Implementing Entity NIE107
- 11) Regional Implementing Entity RIE008

### **Applications under review**

#### *National Implementing Entity NIE044*

9. The applicant submitted its application in January 2013. Most of the supporting documentation was not provided in English, but only in French. Upon request of the Panel a list of selected supporting documents was re-submitted in English. This was aimed at reducing the workload and cost of translating all applicant documents. At the 13th meeting in May 2013, the Panel briefly discussed the application and agreed to communicate to the applicant the additional information required and the need for further clarification on a number of issues. Additional documents were provided by the applicant afterwards.

10. At the fourteenth meeting in September 2013, the Panel agreed that, in order to complete the review of the applicant's implementation capacity, it was necessary to conduct a field visit prior to the 15th Panel meeting. The field visit took place in late January 2014. During the visit the applicant demonstrated that it has a number of the systems and procedures in place. - Nevertheless, some actions still needed to be put in place, and these were discussed with the

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<sup>1</sup> The list of entities potentially eligible for fast-track accreditation process, which the GCF Board has approved as at May 2016 is available at [http://www.greenclimate.fund/documents/20182/319135/GCF\\_Completing\\_a\\_fast-track\\_accreditation\\_application\\_v3.0\\_May\\_2016.pdf/7001d3be-e344-4643-b6e4-5b80e853b279](http://www.greenclimate.fund/documents/20182/319135/GCF_Completing_a_fast-track_accreditation_application_v3.0_May_2016.pdf/7001d3be-e344-4643-b6e4-5b80e853b279). In addition, the list of the GCF's accredited entities are available at <http://www.greenclimate.fund/partners/accredited-entities>.

senior staff of the applicant to ensure they were well understood. The required actions included: i) the completion of two internal audits with management comments; ii) establishing an audit committee; issuing an internal control statement; iii) completing a basic risk analysis including the identification and taking of risk mitigation steps; iv) supplementing the procedures manual for selection of projects and how procurement of executing entities would be verified; v) comparing budget statements to actual with explanations for variances; and, vi) developing the required system, procedures and internal capacity to deal with financial mismanagement and other forms of malpractices.

11. At the fifteenth meeting in February 2014, the Panel agreed to wait for the applicant's additional information to be provided. However, at the sixteenth meeting in May 2014, the Panel pointed out that the applicant had not responded since the field visit in January 2014. At the seventeenth meeting in August 2014, the Panel reported that the Executive Director of the entity had changed, and that the entity has remained silent since the last field visit. Therefore, the Panel agreed to prepare a letter asking whether the entity is still interested in pursuing the application.

12. After the change of the Executive Director, the Panel heard from the new Executive Director in February 2015, who indicated the organization's interests in continuing with the application and addressing the gaps the Panel initially identified. The first few documents were received, and the Panel will follow-up with the applicant and request information on plans to address gaps prior to the Panel's nineteenth meeting. The Panel has also requested an update on the organization and its management to understand whether or not the change of Executive Director and possible other staff turnover impacted the ability of the applicant to meet the accreditation requirements.

13. The applicant typically handles individual projects and grants of less than US\$ 50,000. Only a few grants were in the range of US\$ 100,000. Accordingly, the adequacy of the applicant's systems and processes for handling medium and large projects had to be demonstrated. The applicant also communicated that the size of the grants for the next several years (based on experience and the absorptive capacity of the majority of the project executing agencies), are likely to remain small. In June 2013, the applicant requested to be considered for accreditation through the streamlined approach and indicated that it would not request funding beyond a mutually agreed threshold that is within its capacity to manage.

14. At the nineteenth and twentieth meetings, the Panel indicated that the applicant had yet to respond to outstanding issues and that most of the documents submitted are outdated. At its twenty-first meeting the Panel indicated that no progress has been made since the secretariat contacted the DA. Following a request by the Panel, the secretariat sent a letter to the DA in March 2016 informing the inactivity of its applicant NIE and requesting confirmation of the applicant NIE's intention to continue to pursue the accreditation process. The applicant NIE attended the Fund's Readiness Workshop held on 2-5 May 2016 in Casablanca, Morocco, which provided an opportunity to further exchange views on the current situation. The entity is aware of the need to submit the requested information. During the Workshop the representative of the applicant NIE informed the secretariat and the Panel that the DA may replace the current NIE

applicant with a new applicant. The secretariat will continue following up with the DA and the current applicant NIE to move forward.

*National Implementing Entity NIE046*

15. The application submitted on 31 December 2012 was forwarded to the Panel on 10 January 2013. The entity provided a large volume of supporting documentation for the Panel review and analysis at its twelfth Panel meeting.

16. Several gaps were identified and the applicant was requested to provide answers to a list of additional questions relating mainly to the applicant's internal audit capacity; its track record in project appraisal, monitoring and evaluation; and its transparency and anti-corruption policy. The applicant uploaded the additional information requested to the accreditation workflow in June, 2013. The information was reviewed and analyzed between the thirteenth and fourteenth Panel meetings.

17. The Panel found gaps still existed in a number of areas and requested additional information in August 2013. The applicant agreed to submit a response with additional supporting documentation prior to the fifteenth Panel meeting in February 2014.

18. The applicant provided additional information in January and June 2014. The additional documentation was analyzed by the Panel and helped to close some of the open issues. However, several gaps remained and at the sixteenth meeting where the Panel agreed that a field visit would be the best way to resolve the outstanding issues. However, the applicant was unable to host a field visit due to scheduling conflicts and workload issues.

19. The applicant was invited to an NIE readiness seminar in 2014 where they met with two members of the Panel. The meeting provided an opportunity to discuss the progress of the application and communicate the key outstanding issues and the need for addressing the issues in a satisfactory manner. The representatives assured the Panel members that they would work towards closing all the existing gaps. In January 2015, the applicant provided additional information. However, the information received did not address all the outstanding issues. Given that the applicant has remained silent despite several requests by the Panel.

At the twenty-first meeting, the Panel indicated that there is no progress on the process. Following a request by the Panel, the secretariat sent a letter to the DA in March 2016 informing the inactivity of its applicant NIE and asking its interest in supporting the applicant NIE to continue its accreditation process. The Secretariat has followed up with the DA and its applicant NIE. The NIE has uploaded updated documentation screened by the Secretariat. Outstanding documents are due to be received in order to progress with the accreditation process.

*National Implementing Entity NIE049*

20. The application was received by the secretariat on 14 April 2013. After completing the initial screening, the secretariat submitted the application to the Panel for consideration at its fourteenth meeting of September 2013.

21. The Panel discussed the merits of the application and sent a list of information requirements to applicant in October 2013. The Panel has been following up with applicant on the status of implementation of the agreed measures to address the identified gaps. Some of the agreed measures relate to: (a) improving the effectiveness of the Audit Committee, internal audit and the internal control framework; (b) revamping the procurement manual; (c) preparing adequate guidelines for project risk assessment, appraisal, monitoring and evaluation and closure; (d) implementing a project-at-risk system; (e) enhancing the applicant's website to facilitate the reporting of allegations of malpractice and corruption; and (f) issuing a policy on whistle-blower protection.

22. The applicant has been in regular communication with the Panel and has continued to provide the required information in instalments. The applicant was invited to one of the Fund's Climate Finance Regional Workshop where the few outstanding items were discussed followed by a telephone conversation.

23. At the nineteenth and twentieth meetings, the Panel continued to discuss remaining issues. Subsequently, the Panel sent applicant a list of pending questions including internal audit and the Ethics Committee. The applicant sent the requested information in August 2015 and early January 2016 respectively. The Panel reviewed and analyzed the information before the twenty-first meeting.

24. At the twenty-first meeting, the Panel found that gaps still existed in number of areas including audit committee and internal control framework. Between the twenty-first meeting and the twenty-second meeting of the Panel, there had been active communications between the Panel, secretariat and the applicant NIE, which help to clarify pending information and provide relevant guidance. Additional information was received from the entity during the twenty-second meeting, and the Panel will continue the review of the documentation received.

*National Implementing Entity NIE057*

25. The application was received by the secretariat in February 2014. After completion of the preliminary screening by the secretariat in April 2014, it was put forward for the Panel's consideration at its sixteenth meeting of May 2014.

26. After discussing the merits of application and fiduciary issues, in June 2014, the Panel communicated to the applicant a list of questions and additional information requirements. While the applicant has demonstrated a solid experience in handling credit-financing activities, it has also recognized the existence of various gaps in meeting the requirements of the Fiduciary

Standards. For example, some of these gaps surfaced in competences related to: (a) procurement; (b) project appraisal and risk assessment for non-credit projects/programmes; (c) project quality at entry; (d) project-at-risk system; (e) monitoring, evaluation and closure procedures for non-credit projects/programmes; (f) an effective anti-fraud/corruption system; and (g) the framework to deal with complaints on environmental and social issues.

27. The applicant has sought external assistance in the preparation and implementation of a policy framework for meeting the requirements of the Fiduciary Standards. The consultant(s) provided an action plan for completing the work by May 2015. As at the date of nineteenth meeting, the Panel had not received any information from the applicant. The Panel reached out to determine how much additional time was needed to enable it to set up the required policies/systems based on the consultant's work.

28. The applicant was invited to a Regional Climate Finance Workshop in 2015. The applicant sent one representative to the workshop who met with one Panel member. The meeting provided an opportunity to discuss the progress of the application. Later on the Panel conducted a field visit on 26–29 September 2015. The areas of gaps to be addressed during the field visit included: (a) internal audit; (b) audit of the procurement function; (c) appraisal structure for non-credit projects; (d) project-at-risk system; (e) an effective policies and framework for dealing with fraud, corruption, financial mismanagement and other forms of malpractice; (f) code of conduct/ethics; and (g) the commitment to environmental and social policy and grievance mechanism. During the field visit, despite the recognition of systems and procedures being in place, the Panel confirmed that not all of the information on gap areas, including the audit of the procurement function, were provided, and the applicant ensured that the pending action will take place within two months to bridge the gaps. Based on the findings of the field visit and discussions with the entity staff/management the Panel developed an outcome report.

29. At the twenty-first meeting, the Panel discussed the merits of application. The Panel found that despite its strong track record in credit operations, the applicant does not have demonstrated the required experience in non-credit project operations. In addition, although having developed and put in place the required policies and procedures for non-credit operations, the applicant has not demonstrated effective use of the policies and procedures, which are required to implement the Fund's projects. The Panel also agreed to provide suggestions for consideration by the applicant on how to demonstrate effective implementation and use of the newly developed non-credit policies and procedures. At the request of the Panel, the secretariat sent a letter to the applicant conveying the Panel findings and suggestions.

30. At the twenty-second meeting, the Panel had not received further information from the entity, as per the above mentioned letter. Upon the request by the Panel, the secretariat has arranged a conference call with the entity to facilitate the understanding of the pending information requested by the Panel.

#### *National Implementing Entity NIE066*

31. The application was received by the secretariat on 1 April 2015 and after the initial screening returned to the applicant for additional information. The applicant re-submitted on April 2015 and the application was forwarded to the Panel on 30 April 2015.

32. Upon initial screening, the Panel found that the applicant had major gaps and that in order to meet the fiduciary and environmental and social standards, it would need to invest significant resources. The gaps have been communicated to the applicant via teleconference and the application was returned to the applicant for resubmission in August 2015 and resubmitted in September 2015. The Panel reviewed the application and communicated the assessment with the applicant requesting additionally information. The Panel and the applicant have so far maintained active communications. The applicant demonstrated its interests in pursuing the streamlined accreditation process in October 2015, and the secretariat and the Panel provided information on the procedure, advantages and possible limitation.

33. The applicant informed the secretariat in December 2015 that it wishes to apply for a south-south cooperation grant. In April 2016, the entity informed the secretariat that it expects to finalize its accreditation application with support by the accredited NIE under the south-south cooperation grant approved by the Board. The entity also sent an official letter of agreement to pursue the streamlined accreditation process in April 2016 and reconfirmed its commitment to submit the gap information. At the twenty-second meeting, the Panel continued considering the additionally received documents. The secretariat will follow up with the entity and provide guidance in submitting the remaining documents requested by the Panel.

#### *National Implementing Entity NIE080*

34. The application was received by the secretariat on 30 April 2015. After completing the initial screening, the secretariat submitted the application to the Panel for review at its twentieth Accreditation Panel meeting of August 2015. At the twentieth meeting, the Panel discussed the merits of the application for the first time and held a conference call with the applicant. The Panel completed its initial assessment and delivered to the applicant the result of the initial review and a list of pending areas. In early November, the secretariat had a bilateral meeting with the applicant who visited the office for another occasion. This provided an opportunity to explain further on the list of pending areas. Upon the receipt of the Panel's updated list of additional information required, the applicant has been responsive to provide the additional information requested by Panel from November 2015 to early January 2016. The Panel reviewed and assessed the additional information.

35. At the twenty-first meeting, the Panel continued discussions on the application. The Panel found a number of gap areas including the legal capacity issue, ESP capacity and grievance mechanism, anti-corruption policy and complaint handling mechanism.

36. Between the twenty-first meeting and the twenty-second meeting, there have been active communications and conference calls between the Panel, secretariat and the applicant NIE.

#### *National Implementing Entity NIE079*

37. The application was received by the secretariat in August 2015. After completing the initial screening, the secretariat submitted the application to the Panel for review in late September 2015 while requesting the applicant to provide more information on areas including audit report and compliance with the Fund's E&S policy. The applicant provided the requested information at the end of December.



38. The Panel completed an initial review of the application and communicated to the applicant entity the assessment result and a list of pending information in March 2016. The conference call was conducted between the Panel, secretariat and the applicant entity in April 2016, which provided an opportunity for further clarifying the requested information. In May 2016, the entity communicated to the secretariat the intention of the DA to withdraw his/her nomination of the current NIE applicant and nominate a new NIE applicant to pursue accreditation. The secretariat provided guidance on the process of changing the applicant NIE nomination by the DA.

39. As of the twenty-second meeting, the DA sent an official letter indicating its intention to withdraw the nomination of the current NIE applicant and nominating a new entity as the new applicant NIE. Therefore, the new NIE applicant is pursuing the accreditation process with the Fund. The secretariat will follow up with the new entity to provide relevant guidance.

#### *National Implementing Entity NIE113*

40. The application was submitted by the applicant NIE through the Accreditation Workflow online system in January 2016. After completing the initial screening, the secretariat submitted the application to the Panel for review in early March 2016. The entity has been supported by the accredited NIE under the Fund's south-to-south cooperation grants as part of the readiness program.

41. The Panel completed an initial review of the application and communicated to the applicant entity the assessment result and a list of pending information in April 2016. The conference call was conducted between the Panel, secretariat and the applicant entity in late April 2016, which provided an opportunity for further clarifying the requested information. The applicant NIE attended the Fund's Readiness Workshop held on 2-5 May 2016 in Casablanca, Morocco, which provided an additional opportunity to enhance the understanding on the requested pending information.

42. At the twenty-second meeting, the application was considered by the Panel for the first time, and the Panel identified gaps in the application and supporting documents. The secretariat will follow up with the entity to ensure that it submits the requested information.

#### *National Implementing Entity NIE112*

43. The application was submitted by the applicant NIE through the Accreditation Workflow online system in January 2016. After completing the initial screening, the secretariat submitted the application to the Panel for review in early March 2016. The entity has been supported by the accredited NIE under the Fund's south-to-south cooperation grants as part of the readiness program.

44. The Panel completed an initial review of the application and communicated to the applicant entity the assessment result and a list of pending information in April 2016. The conference call was conducted between the Panel, secretariat and the applicant entity in late April 2016, which provided an opportunity for further clarifying the requested information. The applicant

NIE attended the Fund's Readiness Workshop held on 2-5 May 2016 in Casablanca, Morocco, which provided an additional opportunity to enhance the understanding on the requested pending information.

45. At the twenty-second meeting, the application was considered by the Panel for the first time. Since the conference call on 28 April 2016, the applicant NIE has provided many of requested information and supporting documents. The Panel will continue to review the additionally received documents and communicate the result with the entity.

#### *National Implementing Entity NIE107*

46. The application was initially received by the secretariat in November 2015. At the screening stage, the secretariat found a number of missing information and supporting documents and sent back the application to the NIE applicant so that they can update the application and upload requested documents. The NIE applicant resubmitted the application in January 2016. After completing the second round of initial screening, the secretariat submitted the application to the Panel for review in March 2016 while requesting the applicant to provide still pending information on areas including the most recent financial statement, audit report and compliance with the Fund's E&S grievance handling mechanism. The applicant had provided some of the requested information between May 2016 and June 2016.

47. The Panel completed an initial review of the application and communicated to the applicant entity the assessment result and a list of pending information in May 2016. At the twenty-second meeting, the Panel identified a number of missing information and documents. The conference call was conducted between the Panel, secretariat and the applicant entity in early June 2016, which provided an opportunity for further clarifying the requested information. The Panel continued to review the additionally received documents while the secretariat ensures that the entity provides all the requested information and documents.

#### *Regional Implementing Entity RIE008*

48. The application was received by the secretariat on 8 January 2014 through the accreditation workflow. After screening the application for consistency and completeness, the secretariat forwarded the application to the Panel on 9 January 2014 for consideration at its 15<sup>th</sup> meeting.

49. The initial review of the application demonstrated a track record in the execution of climate change related projects funded by several multilateral and bilateral institutions. In doing so, however, the applicant has largely relied on operational procedures and guidelines of the financing institutions, such as the World Bank and the Inter-American Development Bank. In order to meet the Fund's fiduciary standards the applicant needs to develop its own operational procedures, address areas such as internal audit, internal control framework, and demonstrate the required capabilities in project management. The Panel's findings were communicated to the applicant in April 2014 along with requests for additional information and indications of areas where the applicant's capabilities need to be strengthened.

50. The applicant requested the Panel to undertake a field visit to resolve the issues raised. The Panel wrote to the applicant indicating that the procedures of the accreditation process required an applicant to respond to the questions posed and to first work toward closing some gaps prior to a field visit. Subsequently in December 2014, the applicant provided responses to the panel questions and requests for additional information. A reviews of the responses found several gaps in the information requested by the Panel. The gaps relate to the areas including: (i) internal and external audit, (ii) internal control framework, and (iii) project cycle management, including management of the procurement function and environmental and social risk assessment. Results of the review were communicated to the applicant with a request to address all the gaps before accreditation can be considered.

51. The Panel sent a list of outstanding questions in April, 2015 and has yet to receive any relevant information and documents. During the twentieth Panel Meeting, the gaps have been communicated to the applicant via teleconference and the applicant was requested to submit the responses by early September. A field visit was scheduled in October 2015, but was cancelled by the applicant. Since then, there has been no progress and the applicant has not provided any additional information. In its response to the secretariat dated 22 January 2016, the applicant indicated its interests in pursuing the accreditation and willingness to provide the requested information.

52. As at the twenty-second meeting, the Panel has found no progress because the applicant NIE has not submitted any information requested although the entity communicated its interest in continuing to pursue the accreditation process with the Fund. The secretariat will follow up with the entity to ensure that the entity provides the requested information.

## **Other Matters**

53. *Twenty-third Meeting of the Accreditation Panel:* The twenty-third Panel meeting is scheduled on 29–30 August 2016.

54. *Re-accreditation applications:* The Panel reviewed re-accreditation applications of: (i) Agencia Nacional de Investigación e Innovación (ANII) (NIE); and (ii) Banque Oust Africaine de Développement (BOAD). The Panel recommended re-accreditation for BOAD, and the Board approved re-accreditation the BOAD for a further five years through intersessional decision B. B.27-28/12 on 20 June 2016. A summary of the review can be found in Annex I to the decision document.

55. *Proposal to enhance efficiency and effectiveness of the accreditation process:* At the twenty-sixth meeting of the Adaptation Fund Board, in accordance with decision B. 25/5, the secretariat presented to the document AFB/EFC.17/4 *Effectiveness and Efficiency of the Accreditation Process: Proposed Modification* which had been prepared in collaboration with the Accreditation Panel. At the twenty-sixth meeting of the Board, the Board decided to request the Accreditation Panel and the secretariat to consider the relevant findings of the Evaluation of the Fund (stage I) and finalize their work and present a draft for consideration by the EFC at its eighteenth meeting (Decision AFB/B. 26/31). At the twenty-seventh meeting, the Board decided to request the secretariat to finalize the guidance notes on the environmental and social policy and gender policy, for consideration by the Board (Decision AFB/B.27/27). At the twenty-second

meeting of the meeting, the Panel and the secretariat discussed over the issue and decided to further develop the guidance note and finalize at the next Panel meeting.

56. *Accreditation Workflow training session:* the secretariat provided a training for the Panel to help them familiarize the functions and new features of the enhanced Accreditation workflow online system.

57. *Update on the readiness workshop and potential applicants for accreditation:* Following the upcoming readiness workshop, the secretariat will summarize a list of potential new applicant NIEs.